

Mr. SPEAKER.—Presentation of the Budget by the Leader of the House.

ಶ್ರೀ ಎಸ್. ಶ್ರೀನಿವಾಸ ಐಯ್ಯಂಗಾರ್ (ಚಿ. ನರಸೀಪುರ).—ನಡೆಸು ಕಾರ್ಯಕಲಾಪಗಳು ಗ್ರಹಗಳ ಗತಿಯನ್ನನುಸರಿಸುವುದಿಲ್ಲ.

ಶ್ರೀ ವೈ. ಎಂ. ಚಂದ್ರಶೇಖರಯ್ಯ (ಕಡೂರು).—9 ಘಂಟೆಯವರೆಗೆ ರಾಹುಕಾಲವಿದೆ. ಅದು ಗತಿಸಿದ ತರುವಾಯ ಬಡ್ವೆಟ್ಟನ್ನು ಮುಂದಿಸಬಹುದು.

Sri K. HANUMANTHAIYA (Chief Minister and Leader of the House).—

8-52 A.M.

THE duty of presenting another Budget Estimate, the Estimate for the year 1956-57, is again mine and I do it with great pleasure.

Seasonal conditions

Let me begin with a review of seasonal conditions for seasonal conditions are of first-rate importance. Unless seasonal conditions are good all our efforts however earnestly made will not be of much avail. This is a reminder to our sense of self-esteem and faith in human efforts that there is always a higher inscrutable force that determines the conditions of our existence. Fortunately for us, seasonal conditions of the year 1955-56 have been generally favourable. The average rainfall in 1955 was 31.22 inches, *i.e.*, 2.97 inches more than the average of 28.25 inches for the last 35 years. The rainfall was generally timely and well distributed and it so happened that comparatively arid areas of the State received more rain than was good for them. The tanks in those areas were full and discharging and they presented an unusual though a happy spectacle. A few tanks even breached and Government took immediate steps to restore the breached tanks and damaged roads. In deserving cases, relief was granted in various ways. A sum of Rs. 65,000 was distributed as free grant and a loan of Rs. 1 lakh was advanced to persons affected adversely.

Food situation

The main crops were good and their harvesting has created conditions of plenty. But happily the prices of agricultural produce have not gone down so as to cause any problem. If such a problem arises, there is the price-support scheme which was announced last year. The Government of India had not included in their scheme Ragi and Rice and in my last year's budget speech I pleaded for their inclusion. The House will note with

satisfaction that this has now been extended to Rice and Jawar or Jola. Ragi yet remains uncared for. Ragi is the staple food of the masses and the speciality of Mysore State. We have again to urge the Government of India to extend the scheme to Ragi. Action has been taken to notify the floor price for varieties of medium paddy yielding white rice. It must be clearly understood that this is a minimum price only and not the maximum price. Nor is it a price fixed for compulsory procurement of foodgrains from the growers as was the case during the period of food control. If floor price is increased it may result in foodgrains becoming too costly. The increase in food prices has the tendency to start the spiral of high prices all round. What good would it do to any one if prices increase for every article that we use? There is also the difficulty of finding money for purchase and then of disposal of stocks. It is therefore that we have to consider all aspects before we ask for increase in the minimum price of foodgrains. The main object of the scheme is to prevent a catastrophic fall in the prices of primary agricultural produce. Let us hope that the occasion for Government purchasing grains at these prices may never arise in the State.

In my last Budget Speech, I said that States Re-organisation was probably the most difficult question that we had to face during the year 1955. The Report of the States Reorganisation Commission was published on the 10th October 1955. It recommended the formation of a new State called "KARNATAKA" with a population of 19 million and an area of about 72,730 square miles.

States Re-
organisation

The publication of the Report led to very many controversies—mild as well as ferocious. For a time, a few people forgot that they were working a democracy and that all problems had to be settled by discussion, debate and majority decisions. Fortunately, time and our innate good sense are helping us to regain our reputation, and I have confidence that before long, we will be all as good democrats as we have always been. This Honourable House as well as the Legislative Council discussed the recommendations of the Commission as applicable to Mysore State and passed a resolution in the month of December 1955 in favour of the formation of the new State with certain modifications to the

recommendations made by the Commission. The resolution said that the name of the new State should be "MYSORE" and that the Bellary District area proposed to be added on to the Andhra State should continue to be in Mysore State and that certain small adjoining areas like Madakasira taluk of Ananthapur District, Hosur taluk of Salem District, Talavadi firka of Gobichettipalyam taluk in Coimbatore District, the Nilgiris District, the portion of Kasargod taluk to the north of the Chandragiri river and the portions of Alur, Adoni and Rayadurg taluks, whose people had made representations to this Government as well as to the Government of India should be included in Mysore State. After so ascertaining the views of the Mysore Legislature, the Government of India announced their decision on the 16th January 1956. They accepted the formation of the new State to be named MYSORE, with the modifications that the Alampur and Gadwal tehsils of the Raichur District and the Tandur and Kodangal tehsils of the Gulbarga District be excluded from, and the Humnabad, Bidar, Balki and Santpur (Aurad) tehsils of the Bidar District be included in the State of Mysore. No decision has been announced regarding the controversial area of Bellary District. I have every confidence that, when the decision is announced, the whole of Bellary District as it is today, will remain in Mysore State. The requests of the other adjoining areas have not yet been conceded. It is not a right policy to compel the people of these areas to remain in other States against their wishes. After all, these are very small and they could well be added to Mysore State, as administrative convenience warrants such a course. I would suggest that these requests may be examined and disposed of by a Boundary Commission appointed for the purpose.

After the announcement by the Government of India, we were taking steps for smooth and orderly integration of the five areas into one administrative unit called "MYSORE STATE". A special Secretariat was constituted. Government were considering the advisability of appointing a Committee consisting of representatives of these areas. The unbecoming scenes enacted by unruly elements in Bombay, Orissa and other places compelled the sober section of society to pause and think whether the establishment of unilingual States would not

jeopardise Indian unity and the happy relations that ought to subsist between State and State. The anger, bitterness and violence that were exhibited for a while compelled leaders of the country to think out alternative proposals which would give scope for re-organisation and at the same time, eschew fanaticism and parochial feeling. Thus emerged the idea of the formation of bigger States consisting of two or more linguistic areas. The merger of Bengal and Bihar into one State was sponsored. Mysore State has come into the picture for discussion in connection with the formation of "DAKSHINA PRADESH". This is a subject on which we cannot afford to take a hasty decision. We have to keep in mind the broader considerations of unity and harmony in India as a whole, and at the same time safeguard, in every way, administrative efficiency, economic progress and amicable understanding.

I wish to remind Hon'ble Members that this House as well as the Legislative Council have not accepted the "one language—one State" idea, and they have resolved to maintain the composite character of the State. If, therefore, proposals are made for a bi-lingual or a tri-lingual State, it is in harmony with our accepted principle. But no reorganisation along these lines should be effected or need be effected if the people concerned do not want it. The proposal is yet at the stage of consideration.

The Agarwal Committee have recommended the Prohibition introduction of prohibition simultaneously throughout the country by April 1958. Prohibition is already in force in six districts and four taluks of the State. A National Policy like prohibition can be effectively implemented only on an all-India basis. The Planning Commission have therefore suggested that each State may approach the problem in terms of phased programmes for achieving specific targets over the whole field of social and administrative action. State-wide prohibition will involve a serious depletion of resources assumed for the Second Plan. Unless, therefore, there is an assurance that the loss of revenue will be reimbursed to the State we will be jeopardising the chances of implementing the Second Plan by extending prohibition. We are expecting Centre's advice as well as assistance to enforce complete prohibition in the State.

Pay structure

At the last Budget Session this House adopted a resolution recommending the appointment of a Committee to formulate proposals for evolving a salary structure concerning the services at all grades, so as to remove disparities and to suggest suitable maxima and minima for the several grades of Government employees. Accordingly Government constituted a Committee in July 1955 with Shri V. M. Mascarenhas, an Hon'ble Member of this House, as Chairman. The Committee has examined this intricate question thoroughly and submitted a report within the short period of six months. A copy of the report has been placed on the Table of the House. Government have given their anxious consideration to the recommendations of the Committee. They are generally in agreement with the need emphasised by the Committee, to upgrade the pay of officials in the lowest grades and also to introduce uniform scales of pay for work of comparable nature in all the departments to the extent possible. While it is the earnest desire of Government to see that a fair deal is given to all classes of employees and they would like to accept as many of the recommendations of the Committee in this behalf as possible, the question to be considered is whether such a reform is not one that may more appropriately be postponed for a short while in view of the impending re-organisation of States. The Committee itself has envisaged the possibility of a further and final revision of pay scales after the formation of the new State more or less on the scales of pay and allowances as in Bombay State. Thus any decision that may now be taken will be tentative and is likely to be operative only for a few months. At the time of Greater Mysore coming into existence in the month of October, decisions have to be taken applicable to the new State as a whole. Any decision now taken might further add to the complications arising in connection with the integration of different areas into one State. It is for this reason that Government of India have advised the State Governments to defer at this stage questions relating to revision or upgrading scales of pay and additions to the permanent establishments to avoid possible embarrassments and complications while integrating the services. This advice, coming at this crucial stage of redrawing the map of India, is entitled to our earnest consideration. It would not be in the interests of the services themselves

to have their conditions of service and scales of pay changed too frequently. The question of uniformity of pay and service conditions will naturally be one of the first to be taken up by the new State. There, however, appears to be some apprehension that delay in giving effect to the revised scales of pay might adversely affect the seniority, status and emoluments of the Mysore officials at the time of integration. The well-recognised principle of service is to equate posts on the basis of comparable work and responsibility and not on the basis of pay or scales of pay attached to the posts in different States. In regard to seniority the criterion to be adopted in fixing relative ranks of officials is the date of entry into equivalent cadres or grades and the length of service put in by incumbents in such cadre or grade irrespective of the pay actually drawn. These are the basic principles which will be followed in equating cadres and posts and fixing relative seniority in the integrated services of the re-organised States. There can therefore be no justification for the apprehension that the officials of Mysore are likely to suffer during integration on account of the scales of pay in the State being relatively low. I would take this opportunity of thanking Shri Mascarenhas and the members of his Committee for the promptitude and thoroughness which they have brought to bear on this important and complicated subject.

The service structure in the State has had a long history since the days of the British Commission. They have won the appreciation of the people in the State and outside for efficiency and devotion to work. It is true, however, that the traditions of service require to be considerably altered in the transition from a 'law and order' to a 'welfare' State. The several departments of Government have been tending to work largely in isolation from each other. However efficiently a department may function by itself its work can only be judged by the contribution it makes to public well-being and the efficiency of the administration as a whole. I have often impressed upon the senior officers of Government the need in the changing context of events for developing an integrated approach to the work done by several departments. The effort that we are now making through successive Five-Year Plans for the rapid and many-sided development of the country depends largely for its success

Efficiency and
Public Service

upon the public services in the State working in co-ordination not only among themselves but also with the several voluntary organisations set up in connection with social welfare and other activities. In a democratic set-up the distinction between official and non-official agencies can have no meaning when the objectives for which they are working are identical. The idea that public work is a partnership between the officials and non-officials should develop to a greater extent if schemes like the Community Project, National Extension Service, etc., which call for unitary outlook and approach are to yield the results expected of them. I must admit that the services in the State have lived up to their reputation. It is gratifying indeed that schemes of magnitude, requiring considerable skill and experience to execute taken up under the First Five-Year Plan in the State, have been handled with conspicuous success by our own officers and technicians. We have also been able to spare an appreciable number of our trained officers and personnel for important and responsible work elsewhere. It is my duty to safeguard the interests of Mysore Services at the time of integration.

Insurance

With the announcement by the Government of India of their policy to nationalise Life Insurance business in the country we are faced with a new problem in the field of insurance. The Bill introduced in Parliament in this behalf will materially affect the existing set-up of the Mysore Government Insurance Department. If the Public Branch of the Mysore Government Insurance Department is separated and brought under the proposed Corporation, the Department will be deprived of two-thirds of its existing business, apart from the opportunity it has of extending insurance facilities to rural areas and of serving the rural population of the State. This Department was started in 1891 with the Official Branch. Life Insurance in the Public Branch started in 1916 is now the most important part of the business handled by the Department. 1,12,100 policies for a sum of Rs. 14 crores are in force in the Public Branch. There is every reason to think that the Business would have expanded even more rapidly in the coming years. The chief merit of the Department is that it is working most economically with a low expense ratio of 18·63 for the Public Branch against the all-India average of 29·3. Not the least of the advantages of the State Insurance is the convenience afforded to the

public in every part of the State for paying premia and drawing money at all Government Treasuries. It would indeed be unfortunate if these advantages and conveniences to which the people in the State are accustomed are either diminished or lost under a more centralised institution to be set up. Insurance Departments of State Governments stand on an entirely different footing from a private insurer both as to their objectives and the manner in which they function with reference to public interests. Essentially Government Insurance is nationalised Insurance. When well organised State Departments of Insurance fully able to carry on the policies contemplated by nationalisation are in existence it would be unwise not to make full use of them. An over-centralised agency for the whole of India may not work with speed and efficiency. I would earnestly urge upon the Central Government to keep these aspects in view before giving a final shape to the arrangements for administering nationalised Life Insurance.

Classless and casteless socialist society is our ideal. Having accepted that ideal we have to change our ways of thinking in and approach to many matters. We cannot continue the old order of things and old ways of life and yet declare that we have adopted a socialist system of society. Many of our old ways have become habits and habit, as they say, is second nature. It is therefore very difficult for many people to adjust themselves to the needs of changing times and to the necessities of new ideologies. Loyalty to the King, unrestricted scope for private initiative and profit, determining one's importance by the amount of wealth one possesses are all out of place and out of time in the present set-up. Loyalty to one's country, selfless service to society and equitable distribution of wealth are our new standards.

Labour
participation
in
management
of Industry

In the field of industry also we have to revise our ideas of working. The relationship of master and servant has to make way for co-operative partnership. Strikes and lock-outs have to be considered equally undesirable and greater production as the common goal. Both management and workers have to bear in mind that their objective is not to serve themselves but to serve society. Selfishness is selfishness whether it is found in the workers or in the owners. In the pattern of our new industrial set-up the workers have to become partners

of industry and have to work with self-respect, dignity and responsibility. Even in non-Communist countries like the United Kingdom, France, Sweden and other European countries, workers have been associated in varying degrees with the management of industry. It is time that we in India associate labour with management of industries more effectively and satisfactorily. Mysore Government have decided to implement this salutary reform of associating labour with the management in all Government Industrial Concerns so as to create an atmosphere of partnership and service to society. It is quite a new step as far as we are concerned and we have therefore to consider all aspects before we act. We propose to convene very early a Conference of representatives of management and labour for discussing this problem and to help Government in evolving a working plan for this purpose.

Board of
Revenue

The Board of Revenue in the State was constituted for the first time on the 29th September 1955. The provision of a minimum of two members sitting to hear appeals and the association with the Board of a Judicial member of the status of a District Judge are intended to ensure an objective and judicial approach to the questions dealt with by the Board.

The question of improving the efficiency of the Revenue Offices in the State was examined by an official committee. Among the recommendations made by the committee the suggestion to decentralise the existing powers at various levels and to provide greater facilities for work are the most important. We accepted these recommendations generally. It has been decided to equip all the Taluk Offices in the State with Typewriters. A sum of Rs. 2 lakhs has been provided in the Budget for 1956-57 for the construction of quarters for officials in the lower grades.

Separation of
Judiciary
from the
Executive

Mysore is among the first to accept and implement the principle of separation of the Judiciary from the Executive. The final stages of this process have now been reached by the posting of officers of the judicial service to preside over all the Magistrates' Courts. It only remains now to appoint officers of the Judicial cadre as District Magistrates. A new cadre of Civil Judges *cum* District Magistrates has been created and appointments

to this cadre will be made shortly. We shall then have completely effected separation of Judiciary from the Executive.

This is an eventful month. The First Five-Year Plan after completion is to be succeeded by the Second Year Plan. Never before in the history of India have such mighty, co-ordinated and purposeful efforts been undertaken for the economic advancement of the people. When we initiated the First Plan five years ago our objective was a welfare society. At the close of the Plan our objective has assumed a definite and internationally known ideology of a socialist society. The First Plan therefore not only visualised developmental programmes in various fields of governmental activities but also defined and shaped our objective. The First Five-Year Plan has introduced a new dynamic element in a long static situation. We have taken to a pre-determined pattern of work with earnestness and ability throughout this vast land of ours. The expenditure envisaged initially in the First Plan, *viz.*, Rs. 2,069 crores was stepped up subsequently to Rs. 2,356 crores. The First Five-Year Plan laid the foundations on which a more progressive and diversified economy could be built up. Agriculture, irrigation and electricity therefore received high priorities under the plan. Economists have calculated that the efforts of these five years have increased our national income by 18 per cent. The First Plan has earned the approbation of the world and a well-known foreign diplomat who studied and saw its working for himself has said :—

“India’s Five-Year Plan offers a courageous programme of development which should earn her the admiration of the whole free world What is unique in India is that her Five-Year Plan was prepared in a democratic manner, was adopted by a democratic parliament, is administered by a democratic government and is undertaken in the midst of constant democratic criticism.”

Mysore State has not only kept pace with the rest of India but we may take pride legitimately that it has done better than other States in some respects. Our State Plan envisaged an initial expenditure of Rs. 36 crores. The size of the State Plan was increased to Rs. 41·5 crores with a view to stepping up the pace of progress of the Bhadra Reservoir and the Nugu Reservoir Projects and providing funds for certain new schemes

under industries. With the addition of seven taluks of Bellary District to the State of Mysore the development schemes of these areas amounting to Rs. 6.5 crores were also added to the State Plan, making the total Rs. 48 crores.

The immediate problem at the commencement of the Plan was to overcome the acute shortages of food and other essential articles that confronted the nation in the post-war and post-partition period. The highest priority was therefore given to agriculture in the First Plan. In following this pattern the Mysore Plan laid emphasis on the development of agriculture, irrigation and distribution of electric power for irrigation. Special attention was at the same time given for accelerating projects to provide greater irrigation facilities in the areas of scarcity. Out of a total outlay of Rs. 48 crores under the Plan as much as Rs. 24.35 crores or 50.8 per cent was allocated for schemes relating to agriculture. The allocations in respect of other items of development were as follows :—

| | | <i>Amount</i> | <i>Percentage</i> |
|--|-----|---------------|-------------------|
| | | Rs. | |
| Power | ... | 11.42 crores | 23.80 per cent |
| Industries | ... | 2.16 „ | 4.50 „ |
| Transport (Roads) | ... | 5.37 „ | 11.21 „ |
| Education, Health and other social services. | | 4.65 „ | 9.70 „ |

Of this Rs. 48 crores, Rs. 31.25 crores have been spent to end of 1954-55. The outlay during each of the first four years is as follows :—

| | | | <i>Rs. in crores</i> |
|---------|-----|-----|----------------------|
| 1951-52 | ... | ... | 7.17 |
| 1952-53 | ... | ... | 8.26 |
| 1953-54 | ... | ... | 7.83 |
| 1954-55 | ... | ... | 7.99 |

For 1955-56 a provision of Rs. 13.39 crores was made. According to revised estimates the expected outlay is Rs. 10.59 crores. On this basis the performance in terms of financial targets will be Rs. 41.84 crores. The shortfall has been mainly under power (Rs. 1.8 crores), irrigation (Rs. 1.5 crores) and industries (Rs. 0.83 crore). This is largely due to difficulties in procuring imported materials such as copper wire and machinery. Nevertheless the

overall performance is more than 87 per cent of the total provision for the Plan.

This is no mean achievement considering the magnitude of the projects undertaken and the handicaps and difficulties which had to be overcome at the initial stages.

While the resources assumed for the First Plan have fallen short under (i) incomings from deposits (Rs. 1.7 crores against Rs. 5 crores assumed) and (ii) additional taxation (Rs. 3.92 crores against Rs. 8.80 crores assumed) the quantum of Central assistance exceeded the amount that was anticipated (Rs. 20 crores against Rs. 8.00 crores assumed). The target of Rs. 9 crores in respect of public borrowings was realised. Thus on the whole it has to be recognised that the successful implementation of the First Plan is due largely to the increased measure of Central assistance given over and above what was stipulated.

A great deal of thought and time was bestowed on the preparation of the Second Five-Year Plan. Economists, financiers, experts and administrators worked at it for nearly a year. Experience gained during the period of the First Plan and the ideal we have placed before ourselves, *viz.*, a socialist society have given it shape and form. The National Development Council and its Standing Committee have seasoned it with realism and vitality. Its four basic principles are—

- (a) a sizeable increase in national income so as to raise the level of living in the country ;
- (b) rapid industrialisation with particular emphasis on the development of basic and heavy industries ;
- (c) a large expansion of employment opportunities ; and
- (d) reduction of inequalities in income and wealth and a more even distribution of economic power.

The size of the Second Plan is more than double that of the First Plan in that an outlay of Rs. 4,800 crores is envisaged in the public sector as compared with Rs. 2,356 crores in the First Plan. Further an investment of Rs. 2,300 crores in the private sector is also

anticipated. Of the total outlay in the public sector Transport and Communications have secured 29 per cent (Rs. 1,384 crores) and Industries and Mineral Development 19 per cent (Rs. 891 crores). Agriculture has received further fillip. Though the allotment to agriculture represents 12 per cent of the Plan in terms of money there is a 50 per cent increase from Rs. 372 crores in the First Plan to Rs. 565 crores in the Second Plan. Provision made under each major head of development under the Second Plan is substantially larger than that in the First Plan so that the pace of progress already achieved may not only be kept up but also improved upon.

It is estimated that the national income would increase by about 25 per cent as a result of the development programmes in the public and private sectors during the Second Plan period. The execution of the Plan is estimated to provide new employment opportunities to 8 million persons in the non-agricultural sectors. Increased agricultural activity is likely to provide employment to about 1·6 million new entrants.

The State Plan naturally follows the all-India pattern. The draft plan which has been placed in your hands already is of the order of Rs. 85·23 crores. But the Draft Outline published by the Planning Commission fixes the figure at Rs. 78 crores. We are urging that this reduction should not be effected as our needs and requirements cannot be fulfilled even by the higher figure of Rs. 85·23 crores. The first draft prepared by the Government of Mysore fixed the figure at Rs. 251·72 crores. On the advice of the Planning Commission that the State Plan be recast within a ceiling of Rs. 82 crores the State Advisory Board for Planning reduced the figure to Rs. 85·23 crores. The restricted resources compelled us to effect this cut. Let us however hope that our earnest efforts to increase our resources will enable us to increase the ceiling limit subsequently.

The State Plan does not however include the schemes of the Central Ministries which are to be financed outside the Plan. These are the schemes of development of the Mysore Iron and Steel Works, Urban Water Supply and Sanitation and National Highways. Besides, the Reserve Bank of India is expected to make available about Rs. 20 crores in the plan period for short-term medium-term and produce loans to agriculturists.

It is estimated that the State Plan will provide direct employment to 50,000 persons. Schemes under small-scale, rural and cottage industries are likely to create employment opportunities for about another lakh of persons.

The anticipated receipts during the next five years at existing level will be Rs. 98.46 crores. At the level of expenditure reached during 1955-56 the outgoings for the next five years will be Rs. 110.81 crores. There will, therefore, be a shortfall of Rs. 12.35 crores. We propose to raise Rs. 15 crores by public borrowing. The resulting position is that we will be left with a crore of rupees only as solid resources for the Second Plan. This is not a very happy position. But we are confident that Central assistance will be available to implement the accepted plan. In the present financial set-up of India, Central assistance has come to occupy a pivotal position. Central assistance therefore determines the speed and size of the implementation of the State Plans. The Second Five-Year Plan is not a rigid, inflexible plan. It is the declared policy of the framers of the plan that a plan covering a period of five years has to be regarded as essentially flexible. It must be regarded as a frame-work within which more concrete and detailed plans for each year have to be worked out and implemented. Budget provisions for the first year of the Second Plan will also be flexible and future provisions are likely to be varied having regard to the availability of the resources and the needs of the situation.

Resources
for the
Second Plan

Having briefly stated the objective and targets of the two Plans, I now venture to place before you the actual achievements during the entire period of the First Plan as well as in its last year, *viz.*, 1955-56 and the schemes under the Second Plan in the several development departments in terms of physical targets.

During the First Plan 729 tanks have been restored and 609 tanks desilted assuring water supply to 26,368 acres of land. 1,495 other minor irrigation works like improvements of river, tank, feeder and pick-up channels were executed providing water supply to 72,507 acres. 7,000 acres of land have been reclaimed for cultivation. 2,566 irrigation wells were given subsidy. Under the scheme for distribution of improved seeds and

Agriculture
and Food
Production

manures 5,236 tons of improved seeds have been distributed for use on 1,72,530 acres. 51,675 tons of fertilisers were distributed for use on 5,16,650 acres. 2,30,313 tons of urban compost were prepared and distributed. Under the plant protection scheme 1,36,916 acres were benefited. 27,800 acres of land were ploughed by tractors. Additional 1,29,669 tons of foodgrains were produced in the third year alone as compared with the target of 97,000 tons fixed for the concluding year of the plan.

I will now give figures separately for the last year of the plan. During 1955-56 Plant protection measures were adopted on 25,000 acres of land. 11,920 tons of fertilizers were distributed to agriculturists and 55,000 tons of compost were prepared from urban waste. This benefited a total extent of 3,85,000 acres and resulted in an additional production of about 43,325 tons of foodgrains. 90,000 acres were brought under the Japanese method of paddy cultivation.

Ninety-five agricultural graduates were trained in the Agricultural College to the end of 1954-55 and 40 more are expected to be trained during the current year. 113 candidates were trained and 50 are under training in the agricultural schools for being employed as Village Level Workers in the N.E.S. Blocks.

In the Second Plan are included 34 new schemes of research, disease control, agricultural training and education at a cost of Rs. 106.1 lakhs. Of this a sum of Rs. 10.2 lakhs is expected to be contributed by the Indian Council of Agricultural Research and the Commodity Committees. The plan provides for expanding the Agricultural College. Ten schemes of supply and services to agriculturists at a total cost of Rs. 332.08 lakhs are included under food production. The schemes under agriculture and food production are likely to increase annual production of foodgrains by 89,350 tons, of oil seeds by 55,000 tons, of cotton by 35,000 bales, of arecanut by 36,000 maunds and of sugarcane by 6 lakhs tons.

750 tanks will be restored during the next five years at a cost of Rs. 165 lakhs for assuring water supply to 25,000 acres.

The provision of Rs. 165 lakhs for minor irrigation made under agriculture in the Second Plan does not represent the full amount that will be available for

minor irrigation during the plan period. For each N.E.S. block there is a provision of Rs. 1 lakh and for each Community Development Block, there is a provision of Rs. 5 lakhs for irrigation. An additional sum of Rs. 250 lakhs will thus be available for minor irrigation works out of the plan provision under N.E.S. and Community Development.

Mysore continues to maintain the lead in the matter of providing facilities for treatment of cattle and domestic animals. With the opening of 23 new Veterinary dispensaries during the plan period there are now 226 dispensaries in the State. This gives one dispensary for 27,203 head of cattle as against the all-India average of one dispensary for 62,000 head of cattle. Among other developments are the starting of a Composite Livestock Farm at Hessarghatta, the Cattle-breeding Station at Ajjampur and the Key-village Farms, one in each of these two places. The department distributed 146 breeding bulls to agriculturists during this period. 8,16,469 animals were treated during the current year in the Veterinary Institutions. Eight lakhs of animals and 7 lakhs of poultry were protected against Ranikhet disease. The Rinderpest eradication scheme is in operation in the Districts of Bellary, Shimoga and Chitaldrug and 7½ lakhs of animals have been protected. In the Poultry Section 20,000 hatching eggs have been distributed. In the Fisheries Section 2½ lakhs of fingerlings were imported from outside the State and stocked in important tanks and reservoirs.

Animal
Husbandry

Under the Second Plan 20 schemes at a total cost of Rs. 92 lakhs are proposed to be implemented. These include the training of personnel for the Department, upgrading of 30 rural veterinary dispensaries and opening of 15 new rural veterinary dispensaries. Ten Key-village Centres will also be established. Schemes for development of dairy centres and fish farms are also included.

Afforestation Schemes of barren areas in maidan districts were taken up during the First Plan. 5,410 acres of land have been planted with fuel trees. 2,400 maunds of crude lac have been produced. During 1955-56 seedlings of fuel species have been planted on 2,100 acres.

Forests

Ten schemes will be taken up under this group at a total cost of Rs. 133.45 lakhs in the Second Plan period. 12,500 acres of waste lands will be converted into fuel plantations. Soil conservation is another measure that we are undertaking by planting trees on 74,000 acres of land that would otherwise be eroded and rendered useless. We require various kinds of timber and other forest produce for industrial purposes. We propose to plant 2,500 acres of land with such trees. Of these 1,500 acres will be match-wood plantations.

Co-operation

The most significant and far-reaching measure in the First Plan period is the provision of short-term credit to agriculturists through co-operative channels. Experience has shown that measures for imparting relative stability to agricultural prices and for improving the standard of living of the agriculturist cannot be fully effective without properly organised and integrated facilities for credit and marketing. An all-India programme of co-operative development covering all important aspects of rural life, *viz.*, credit marketing, processing, warehousing and storage has been formulated in the light of the findings of the Rural Credit Survey Committee. Under this programme, the States will participate in the share capital of co-operative institutions at all levels. The agricultural credit structure will be reorganised with larger organised primary units. The Central and Apex Banks will be strengthened. Marketing Societies closely linked with credit co-operatives will be organised. Warehouses with better storage facilities will be established. Co-operative Department in Mysore has been geared to take up this important work. District Banks have now been organised in all the districts. During the current year a sum of Rs. 50 lakhs made available by the Reserve Bank of India under the Rural Credit Scheme has been distributed by the Apex Bank through the co-operative channel.

The cash credit accommodation to the Central Land Mortgage Bank has been increased from Rs. 10 lakhs to Rs. 30 lakhs and the rate of interest reduced to enable loans being granted to the ultimate borrower at not more than $6\frac{1}{2}$ per cent. In order to encourage construction of houses in the rural parts, a loan of Rs. 2 lakhs

has been granted for the first time to Rural Housing Co-operative Societies which are not eligible for assistance under the Low Income Group Housing Scheme.

During the Second Plan period the recommendations of the Rural Credit Survey Committee will be fully implemented. The co-operative structure in the State will be reorganised so as to function as an effective channel for the flow of short-term, medium-term and land development loans from the Reserve Bank to the agriculturists. Rural credit will be linked with marketing and warehousing facilities for the disposal of agricultural produce. During the year 1960-61 which is the last year of the Second Plan, the total volume of financial assistance to agriculturists will be of the order of Rs. 8 crores.

The major irrigation projects taken up in the State under the First Plan have all been progressing rapidly. Irrigation

The Bhadra Reservoir Project is a multipurpose project designed to irrigate 2,34,200 acres in addition to generating 41,040 k.w. electricity at the dam site. The total cost of the project is Rs. 17.75 crores. By the end of June 1956 the dam is expected to come up to 67 feet above the river bed in flanks and 45 feet in the central portion. The left bank channel 50 miles long will have been completed to carry water to and bring under irrigation an area of 18,000 acres from June 1956. The project is expected to be completed by June 1960.

Mysore State has got a localised atchkat of 92,308 acres under the low level canal of the *Tungabhadra Project*. So far major and minor distributaries to a length of 246 miles and field channels to the extent of 370½ miles have been completed to serve an area of about 40,000 acres.

The work on the rehabilitation of the people of the area coming under submersion is also proceeding apace. One of the new N.E.S. blocks to be started on the 1st April 1956 has been allotted to Hospet taluk including Mallapuram sub-taluk with a view to facilitating the rehabilitation measures.

The Second Five-Year Plan contains a provision of Rs. 100 lakhs for the *Tungabhadra High Level Canal Scheme*. I would like to take this opportunity to remove

certain misconceptions which were given currency some time ago about the attitude of the Mysore Government in regard to the Tungabhadra High Level Canal. The Government of Mysore have at no time opposed the High Level Canal Scheme. The Andhra Government prepared the project in 1954 without consulting this Government though this State is vitally interested in the scheme. We became aware of the proposals of the Andhra Government only when the comments of this Government were called for by the Planning Commission early in 1955. The project as prepared by the Andhra Government provides for an atchkat of 80,000 acres only in Mysore territory as against 3,00,000 acres in Andhra territory. Even now there is no difference of opinion as to the need for taking up the scheme. The only question for determination is an equitable allocation of waters under the canal. I have already suggested that the question can easily be settled by any one of the accepted modes of resolving Inter-State Water disputes.

The Tunga Anicut Project estimated to cost Rs. 2.31 crores will bring under irrigation 21,500 acres. The work on the project is now nearing completion. The left bank channel has been excavated up to 63 miles and the right bank channel up to 15th mile. Excavation work beyond the 15th mile of the right bank channel is under progress. Water was allowed during the last irrigation season to the full length of the left bank channel and in the first 12 miles of the right bank channel. About 10,000 acres have been irrigated during the year.

The Nugu Project is also nearing completion. This will bring under irrigation 20,000 acres and the estimated cost is Rs. 2.44 crores. Water was made available for 2,000 acres during the irrigation season of 1955. The entire extent of 20,000 acres is expected to be supplied with water for irrigation by the end of June 1956.

The Ambligola Project costing Rs. 56 lakhs envisages the construction of a reservoir across Salur Halla in Shikaripur taluk to irrigate 6,894 acres. The work was commenced about the end of the year 1953 and is in progress.

Thirty-five smaller projects were taken up under the First Plan. Of them, 29 projects will have been completed

during the First Plan period providing irrigation facilities for 13,160 acres of new land and 4,250 acres of old land. The more important of these are:—

- (1) Gayatri Reservoir } ... Chitaldrug District
- (2) Narayanapura anicut } ...
- (3) Kenchenakere tank in Mysore District.
- (4) Restoration of Srinivasa Sagara Tank in Kolar District.
- (5) Mutharayanakere in Tumkur District; and
- (6) Gundammagere tank in Bangalore District.

The work of Hebbahalla pick-up channel was completed and water has been allowed for a total extent of 9,600 acres.

The Second Plan contains provision for completing the Bhadra Reservoir and the Ambligola Project which are now in various stages of progress. The most important among the new schemes included in the plan is the Kabini Reservoir Project costing Rs. 2·5 crores. It is proposed to construct a Reservoir across the Kabini river near Bidarahalli village in Heggadadevanakote Taluk. This Reservoir will store 12,000 million cubic feet of water. Of this storage 4,000 million cubic feet will be utilised for irrigating 6,000 acres. 8,000 million cubic feet will be let into the river in summer months to maintain the flow in the river at Sivasamudram required for power generation. The storage of 8,000 million cubic feet now maintained in Krishnaraja Sagara Reservoir for power generation will be released thereby and an additional extent of 24,000 acres can be irrigated under the Visvesvaraya Canal. 6,680 acres of cultivated land and about 14 inhabited villages will be affected by this project. Necessary steps will be taken to rehabilitate the people of this area, simultaneously with the execution of the project.

The Second Plan includes the following six new projects for construction of medium irrigation works costing over Rs. 5 lakhs but less than one crore of rupees:—

- (1) Hebbahalla Reservoir
- (2) Chickahole do
- (3) Jambadahalla do
- (4) Sagare Doddakere do
- (5) Arkavathi project.
- (6) Hagari Bommanahalli Project..

These schemes are expected to provide water to about 25,000 acres.

Power

At the end of 1950-51, 473 towns and villages had been supplied with electricity and 2,385 irrigation pumps had been serviced. In the last five years, the number of towns and villages supplied with electricity has increased to 800 and the number of irrigation pumps serviced has reached the figure of 7,650. In the same period the quantity of electric power generated has increased by 57% from 470 million units to 740 million units. The construction of the second transmission line from Shimoga to Bangalore at a cost of Rs. 92.81 lakhs, and the rural electrification scheme for supplying electric power to 160 villages at a cost of Rs. 150 lakhs are under progress.

The further harnessing of the Sharavati river valley for large-scale power development so as to utilise its potentialities fully has been our cherished ambition from a long time. We have now been able to get this scheme accepted by the Planning Commission for inclusion in the Second Plan. The total cost of the Project is Rs. 39.45 crores for all the three stages. This project will be one of the largest single hydro-electric stations in the East, producing power at perhaps the lowest cost of Rs. 555 per kilowatt. A provision of 13 crores has been made in the Second Plan for the first stage. In view of the acute power shortage in the State, Government intend to accelerate the execution of the project so as to commission at least one unit of 71,000 k.w. by 1961. Preliminary work on the project has already commenced this year utilizing the provision of Rs. 10 lakhs made for this purpose in this year's budget.

About 114 villages will have to be shifted on account of this project. An extent of 19,500 acres of cultivated land, of which 2,000 acres are garden lands will be submerged. In all such big river valley projects, it is inevitable that some hardship is caused to the people living in the area. Every effort should be and is being made to mitigate such hardship. The organisation necessary for speeding up rehabilitation measures is being set up immediately so that rehabilitation work may proceed simultaneously with the execution of the project.

All the power that we are generating at present is being fully utilised. Requests for supply of electricity for agriculture and industrial purposes are continuously pouring in and we are not in a position to grant them.

The completion of even the first stage of the Sharavati Project will take five years. Government therefore propose to speed up the work on the Hydro-electric portion of the Bhadra Project costing about Rs. 242 lakhs so as to generate 25,000 k.w. by 1958.

Under the Second Plan 300 villages will be supplied with electricity and 5,000 irrigation pumps serviced.

The rate structure for power supply by the Electrical Department was introduced long ago. There have been no material changes in the basic rates since then. Only a tax on consumption has been levied in recent years for the general purposes of the State. The rates for new power consumers are being fixed more or less on the point-to-point principle, taking into consideration only the cost at the time of actual supply. This method does not take into account the overall costs of power supply over a period of years. It is therefore found to be unsatisfactory. The working expenses of the Department have gone up steeply in recent years and there has been no corresponding increase in rates. It is well-known that a large proportion of power supply in our State is made at rates which are among the lowest in India. These circumstances necessitated consideration of the question of revision and rationalisation of the rate structure. A committee was accordingly set up under the Chairmanship of Prof. M. S. Thacker for working out fair rates for power supply, keeping in view the need for a reasonable return on the capital investment made in State Electrical undertakings. Government have accepted the rationalised rate structure worked out by the Committee. The main changes recommended by the Committee are in respect of industrial supply, street lighting and irrigation pump sets. No change in rates has been recommended for domestic lighting and heating. The main principle on which rates for industrial supply have been revised is to secure more continuous and better utilization of allotted power. This naturally leads to comparatively higher rates for discontinuous and inefficient mode of utilization and to a decrease in rates with continuous and efficient use of allotted energy. This basis should be readily acceptable to industry. Though the rates for street lighting have been enhanced, care has been taken to see that with a judicious restriction on burning hours, the charges will not be appreciably higher than at present.

In the case of villages in particular, we have taken care to see that the revision does not result in increased charges to the Panchayets. In the case of irrigation pump sets also, the revised tariff is based on consumption and should be found to be equitable.

The present administrative organisation of the Electrical Department came into existence many years ago. There have not been any far reaching changes in its structure. The increased activities of the Department due to the phenomenal increase in extension of power supply to towns and villages all over the State have rendered it necessary that the organisation should be suitably adjusted to cope with the work. Government have considered certain proposals for the reorganisation of the Department and decided that for the time being a Planning *cum* Purchase Section be constituted in the Department at a cost of about Rs. 1 lakh per annum. This will enable the Department to organise its development activities on a more efficient basis.

Government have considered the Report of the Committee appointed to go into the representations of the Union of employees of the Electricity Department and accepted all the recommendations except the one relating to revision of pay which has necessarily to be considered along with the general revision of pay scales in the State.

Communi- cations

Roads.—During the First Plan period 116 miles of road have been cement concreted. 466 miles have been asphalted. 20 miles of roads have been taken up for cement-concreting and 275 miles for asphaltting during the year 1955-56. A scheme for improvement of inter-State Roads other than National Highways at a cost of Rs. 63 lakhs is in progress. The Central Government is meeting four-fifths of the cost.

One of the main difficulties in the way of development of the malnad is the lack of communications. There are few roads and even these roads are dusty during summer and slushy during rainy season. The innumerable rivulets in the malnad which will be overflowing during the monsoons add to the difficulties of communication. Government are keenly alive to the necessity for improving communication facilities in the malnad. All important roads in the malnad will be

asphalted and small bridges constructed to facilitate communication even during rainy season. A special scheme costing Rs. 9.46 lakhs for development of communications in the malnad is now in progress.

The development of roads is of considerable importance for the growth of rural economy. This has been kept in view while drawing up the programme for the improvement of communications during the Second Plan period. A total provision of Rs. 500 lakhs has been made for roads in the Second Plan. 300 miles of new roads will be formed. 500 miles of existing roads will be improved. 900 miles of roads where the traffic is heavy will be cement-concreted or asphalted.

Bridges.—Twelve bridges costing over Rs. 1 lakh each were constructed during the First Plan period. The bridge over the Cauvery at Bannur is nearing completion. The expenditure on major bridges amounts nearly Rs. 27 lakhs during the plan period. Seven big bridges and twenty smaller bridges will be put up during the Second Plan.

Road Transport.—The Mysore Government Road Transport Department is operating the Mysore City Bus Services from 1st October 1955. It is proposed to take over the City Bus Services in Bangalore from 1st April 1956. The Department is now operating 310 routes, its buses covering 15,000 miles per day. In 1951 the mileage covered was 10,649 on 134 routes. During the Second Plan it is proposed to run Government buses on 364 miles of new routes.

The question of abolition of frontier and interior toll gates in the State has been raised often by the Hon. Members of this House as well as the Legislative Council. The Motor Vehicles Taxation Enquiry Committee recommended in 1950 that tolls should not be levied except for ferries and on new bridges. The Taxation Enquiry Commission repeated this suggestion. Government have ordered the abolition of 46 frontier and interior toll gates in the State with effect from 1st April 1956. Their abolition will result in a loss of about Rupees one lakh per year and the Government of India have been requested to reimburse this loss.

1. *Government Industrial Concerns.*—The Mysore Industries Iron and Steel Works.—The production of pig iron and

cement has increased threefold during the First Plan period. Two Electric Pig Iron furnaces have been installed and are in operation. Work on the installation of the Spun-pipe Plant and the Sintering Plant is in progress. It is also proposed in the Second Plan to step up steel production from 40,000 tons to 1,00,000 tons. The provision of Rs. 6 crores for these schemes has been included in the Central programme of production of Iron and Steel.

The suggestion of the Government of India that a Corporation be set up for managing the Mysore Iron and Steel Works has been accepted.

I referred to the schemes for manufacturing alloy, tool and stainless steel at Bhadravathi in my last Budget Speech. We have been urging the Central Government to include these schemes also in the Second Plan.

I gave a somewhat detailed account of the working and the financial results of the Government Industrial Concerns in my Budget Speech last year. It is sufficient now to refer to the programmes of further development under the Second Plan.

The Government Porcelain Factory will reach full production level of 2,500 tons of high-tension and suspension type insulators by 1960-61. The Government Electric Factory will be producing 200 transformers. The output of Soap in the Government Soap Factory will reach 1,500 tons, the additional production being mainly in the line of toilet soap, development of washing soap being left to the cottage industries sector.

Provision has also been made in the Plan for assistance to start two Sugar factories in the newly irrigated areas in addition to two already licensed.

2. *Rural and Cottage Industries.*—Under the Rural Industrialisation Scheme 401 Industrial Co-operative Societies have been organised throughout the State. Loans amounting to Rs. 15.42 lakhs have been granted in 2,242 cases for starting fresh enterprises or expanding existing industries. The scheme will be continued during the Second Plan also. Out of Rs. 26 lakhs allotted to the State from the Mill Cess Fund a sum of Rs. 6 lakhs has been spent for grant of loans to Weavers' Co-operative Societies, Rs. 1.5 lakhs for supply of improved accessories and Rs. 1.5 lakhs for assistance to Woollen

Handloom Weavers. Assistance to the extent of one crore of rupees to handloom industries is provided for during the next five years in addition to Rs. 25 lakhs for the development of Khadi.

Though the State has been providing industrial education for a long time the starting of independent small industries has not made much headway. The man of average means finds it difficult to raise the funds required for building, power supply, water supply, the machinery and plant required for the particular industry he proposes to start. To encourage educated youngmen to start industries of their own a scheme for establishment of Industrial Estates at a cost of Rs. 50 lakhs has been included in the Second Plan. These industrial estates will provide building, water supply, power line and other facilities for starting small industries.

3. *Central Sector Industries.*—The Second Plan provides for the starting of certain large-scale industries by the Government of India. In view of the special facilities and advantages that Mysore offers for the location of industries, this Government has been urging upon the Centre to allot the Raw-film industry, the Heavy Electrical Plant Project and one of the Fertilizer Units to Mysore.

The silk industry is the major cottage industry of the State. More than two lakhs of families of agriculturists earn substantial income from it. The fillip given to it during the war years due to the complete stoppage of imports of raw silk has been maintained even during the post-war years. The area under mulberry has increased from 81,000 acres in 1945 to 1,30,000 acres during 1955-56. Sericulture

The most important factor determining the prosperity of the sericulture industry is the competition from imported silk. The industry is now surviving because of the protection afforded by the Central Government on the recommendations of the Tariff Board. The Government of Mysore have recognised that the industry must be improved so that the cost of production of silk in Mysore will compare favourably with the cost in other countries. The proportion of silk yarn secured to the weight of the cocoons is low in Mysore and efforts are being made to improve the yield by introducing

imported, hybrid and disease resistant varieties. The promulgation of Silk Worms Seed Control and Distribution Act, 1952 and the starting of ten cocoon markets are intended to control the quality of seeds used for rearing of worms and thus ensure better yield.

Government have also sanctioned the establishment of a Sericultural Research Institute at a cost of Rs. 16 lakhs non-recurring and Rs. 2.25 lakhs recurring near Channapatna. The building for the Institute is being constructed. The Institute will undertake research in various branches of sericulture industry with a view to increasing the production and reducing the cost of production of raw silk as well as improving its quality. The Central Silk Board will bear a moiety of the expenditure on the establishment of this Institute. The Board has so far provided assistance to the extent of Rs. 23.16 lakhs for the development of the industry in the State.

The Silk Conditioning and Testing House has been shifted from Channapatna to Bangalore to provide facilities for raw silk testing. The testing is done free. It will enable both the producers and the buyers to know the quality of the silk. This will in the long run encourage the production of better quality of silk.

Seven schemes intended to improve the facilities to rearers of silk worms at a cost of Rs. 61 lakhs have been included in the Second Plan.

Education

In the field of education we have maintained a steady progress. The physical targets aimed at in the First Plan were completed this year by starting 233 primary schools, 16 complete middle schools, 31 new type middle schools and 5 high schools. 367 primary schools, 18 middle schools, 19 new type middle schools and 4 high schools respectively were opened in the first four years. Basic education having been accepted as the pattern at primary stage, 160 basic schools were started this year as compared to 133 in all during the first four years. The opening of 13 multi-purpose High Schools under the Central Government scheme has been sanctioned. The policy of starting General Hostels announced last year in my Budget Speech is being implemented. Construction of 14 such Hostels has been taken up during this year.

Forty schemes for general education at a total cost of Rs. 545 lakhs are included in the Second Plan. A provision of Rs. 10 lakhs is made for the expansion of Adult education. 2,250 new schools will be started and 4,00,000 additional pupils brought into the existing and new Primary Schools. 2,000 primary schools will be converted into Basic Schools. Employment of 7,750 teachers will result from the Plan under Primary Education. The opening of 25 new High Schools and 10 multi-purpose High Schools has also been provided for. Provision is made for training institutions for teachers, for pre-primary education, for visual education, for library services and for teaching vocational subjects in High Schools. The number of students in secondary schools is expected to increase from 60,000 to 75,000 during the Plan period. 50 Pre-primary Schools will be started. 100 teachers will be trained for this purpose. Libraries will be opened in 3,000 Primary Schools. 250 Libraries of High Schools will be developed. Five visual education centres will be started.

Although the expenditure on education now forms a fourth of the revenue of the State and considerable progress in education has taken place, we have yet a long way to go to reach the objective of giving compulsory and free education for all children up to the age of 14. Even if the entire revenue of the State is utilised for this purpose we will not be able to achieve this objective. Government expenditure by itself is therefore proving unequal to the magnitude of the task. Even the modest targets envisaged in the tentative framework of the Second Plan had to be scaled down on the score of inadequate resources. A way had to be found out of this impasse. It requires a change in our usual approach and in ways of thinking to see that there are vast resources in the spirit of philanthropy and voluntary public service among our people. If properly harnessed these would make available fresh and practically unlimited resources. It was this fresh approach that inspired the Bhoodan and Vidyadan movement. The movement generated enthusiasm and the response was very great. Land gifts to the tune of 31,708 acres have been secured so far. The future is full of hope; sustained enthusiasm and planned work will bring about the miracle.

I have been thinking how best the resources of the various Government Departments also can be integrated

with the educational pattern for developing the twin concepts of dignity of labour and social service. It should be possible for important departments of Government like Public Works, Agriculture, Industries and Forests to so adjust their programme of departmental work in collaboration with the educational authorities in several areas as to afford scope for students in secondary and higher grades to acquire practical experience and training in some useful craft. As a corollary, Taluk and District Officers of the Technical Departments and especially those in charge of Rural Industrialisation Centres should spare some time to train students in crafts and avocations. To start with it is proposed to implement this idea in the Departments of Agriculture, Industries and Medicine. Thus, Educational Reforms are being implemented.

Technical
Education

In addition to the existing 10 Technical and Occupational Institutes, two new Occupational Institutes are proposed to be opened during the Second Plan. We have to meet the need for enlarged technical personnel for the Plan. This has been kept in view in providing for expansion of the professional Colleges and Schools affiliated to the University so as to double the number of persons trained. The Medical College recently started in Bangalore will be taken over by Government and developed. The Medical School in Bangalore will be wound up and fresh admissions will not be made from this year onwards.

Cultural
Development
and Fine Arts

After the constitution of Taluk Advisory Committees for Planning and Development the work relating to cultural programmes has devolved on them. The Department is now devoting its attention mostly to the publications side of the work. The compilation of the Kannada Encyclopædia will be its most important work. 'Sanskriti Prasara' will be taken up as one of the regular activities in schools and a sum of Rs. 2 lakhs has been earmarked for this purpose. Government have decided to start a College of Fine Arts, Music and Bharata Natya in Mysore. The Akashavani building in Mysore City is particularly well-suited for locating this College. I have addressed the Central Government to re-transfer the building to the Government of Mysore. I expect it to be done early. It is proposed to set up an Art Gallery in Bangalore at the Victory Hall which is well situated and convenient

for this purpose. An initial provision of Rs. 25,000 has been made in the Budget for 1956-57.

Unified control of preventive and curative branches of medicine is highly desirable in order to tackle disease at its source as well as its appearance. The Government of India have also sponsored the implementation of this reform. We have decided to begin its implementation. An official committee presided over by the Minister for Public Health has been constituted to work out the details of integration of the two departments at all levels.

Medical and
Public Health

Nineteen new hospitals and dispensaries seven of which are for women were opened during the year. Special attention has been paid to the opening of dispensaries in rural areas. Under the First Five-Year Plan 50 such dispensaries have been opened. Bed strength in the S.D.S. Sanatorium, Bangalore, has been increased from 150 to 182. Under the scheme sponsored by the Rotary Club, Bangalore, the bed strength will reach 230. The Mental Hospital was upgraded to provide more facilities for post-graduate training and research in the All India Mental Health Institute. The Second Plan provides for additional accommodation and equipment in the major hospitals in the Cities of Bangalore and Mysore and for increased bed strength in the District and Taluk Headquarter Hospitals. The allotment for improving the medical facilities in the Second Plan is Rs. 61.35 lakhs.

The number of Health Units in the State is 187. Five more Health Units will be started shortly. There are also six Malaria Control Units functioning under the N.M.C. Scheme. These have afforded protection to nearly 60 lakhs of people in the State.

It is a tribute to the efficiency of the Department that the All-India shield for the best work done during 1954-55 under the N.M.C. programme has been awarded to Mysore by the National Society for Mosquito and other insect-borne diseases in India.

During the Second Five-Year Plan period it is proposed to have 34 additional health units, a District Laboratory for each district, an experimental Family Planning Centre, a T.B. Clinic, 15 Maternity and Child Welfare Centres, School Health Services in Bangalore

and two additional National Malaria Control Units to cover the entire State. The Plan also envisages the improvement of the Maternity and Child Health Services in the State in collaboration with the UNICEF/WHO who have already supplied more than half the equipment required for the project in view. It is proposed under the Second Plan to provide beds for institutional treatment in each dispensary where there are none at present. Bed strength in other dispensaries will also be improved by constructing additional wards.

Indian
Medicine

The Indian systems of medicine have not so far received as much encouragement as they deserve. These systems have to be encouraged in order to provide cheap and ready facilities of treatment, specially in rural areas. Accordingly provision has been made in the Second Plan for the greater development of Indian Medicine. With this in view it has been decided to appoint a separate Head of the Department of Indian Medicine in the State. Provision has also been made for increasing the bed strength in the Jayachamarajendra Institute of Indian Medicine and for the establishment of a Research Institute at Bangalore.

The Ayurvedic College is now located in Mysore and attached to the Ayurvedic Hospital there. This hospital has only 36 beds and the facilities available for practical study are not adequate. It has therefore been decided to shift the Ayurvedic College to Bangalore where we have the Jayachamarajendra Institute of Indian Medicine. This has a bed strength of 140 which will be further increased to 235 during the Second Plan. Government have taken the decision to shift the College to Bangalore in the interest of providing better clinical facilities to the students of Indian systems of medicine.

Rural
Development

During the First Plan period, 1,045 miles of inter-village roads were formed. 2,373 drinking water wells were completed. Drainage facilities were provided to 500 villages. 387 well works were completed during the current year. 1,780 works are in progress. A sum of Rs. 8.17 lakhs has been spent up to end of December 1955 out of the budget provision of Rs. 10 lakhs for this year. The entire budget provision will be utilised. It may even become necessary to sanction an additional grant. The question of sanctioning a further sum of Rs. 5 lakhs

for rural water supply works by re-appropriation is under consideration of Government.

Under the scheme of National Rural Water Supply a programme for providing protected water supply to 176 big villages at a total cost of Rs. 90.18 lakhs has been approved. Fifty per cent of the cost will be borne by the Government of India.

A special grant of Rs. 20 lakhs for accelerating the execution of roads in rural areas was made available during the year at the rate of Rs. 2 lakhs for each district.

In the Second Plan provision is made for sinking 4,500 drinking water wells at a cost of Rs. 100 lakhs so that there may be no village in the State without a proper drinking water well. It is also contemplated to provide drainage facilities to 833 villages at an expenditure of Rs. 50 lakhs.

This is the last year of the Sorab-Shikaripur Community Projects and National Extension Service Blocks. The momentum gathered in the previous year has been maintained and improved and the total expenditure rose from Rs. 16.59 lakhs at the end of February 1955 to Rs. 33.12 lakhs at the end of February 1956.

Seven National Extension Service Blocks were newly started during the current year bringing the total number of blocks in the State to 21. Four out of the seven blocks started in October 1953 have been converted into intensive development blocks. The progressive expenditure in these blocks from their inception to the end of February 1956 is Rs. 50.3 lakhs.

Five new National Extension Service Blocks are to be started from 1st April 1956. These have been allotted to Mandya, Jagalur, Mulbagal, Chamarajanagar and Hospet taluks. Two of the Blocks started in 1953 and four started in 1954 will be converted into intensive development blocks from 1st April 1956. The coverage of the Scheme will be extended to the entire rural population by 1961. The Second Plan accordingly provides for starting 98 National Extension Service Blocks during this period, 44 of which will be of the intensive type. The Plan provides for a total expenditure of Rs. 654.8 lakhs in these blocks. For each National

Extension Service Block the Government of India provide assistance in the form of grants of Rs. 2.25 lakhs and loan of Rs. 1 lakh in addition to the sum of Rs. 3 lakhs to be given by the Reserve Bank of India for short-term credit. In each intensive development block a sum of Rs. 15 lakhs will be spent in $4\frac{1}{2}$ years. The Central Government will meet Rs. 4.58 lakhs and the State Government Rs. 2.93 lakhs. A sum of Rs. 7.49 lakhs is provided by the Central Government as loan for various purposes. Out of the provision of Rs. 654.80 lakhs for Community Development and National Extension Programme in the Plan, Rs. 496.83 lakhs will be forthcoming as Central assistance in the form of loans and grants and the State's share will be Rs. 157.97 lakhs.

Local
Development
Works

The Local Development Works pattern has been well received by the people. It has really proved useful in helping a large number of works of local benefit being executed all over the State. This is perhaps the only Centrally-sponsored scheme in which some latitude and discretion in the matter of selection of programmes and execution of schemes has been left to the State Government. 3,056 works at a total cost of Rs. 73 lakhs have been sanctioned and 922 of them have been completed so far.

Water Supply
Schemes

Cities.—Bangalore City is progressively growing in population. Its population in 1941 was four lakhs and in 1951 it had increased to 7,78,000. It is estimated that the present population of the City is nearly ten lakhs. The existing water supply system was intended to supply 20 gallons per head for a population of three lakhs. It has therefore proved inadequate to supply water to the increased number. Government have sanctioned an estimate for Rs. 69 lakhs for improvement of the Head Works and for installing additional pumps to step up the supply of water to Bangalore from 12 million gallons to 16 million gallons per day. This work is expected to be completed during the ensuing year. A scheme costing Rs. 79 lakhs for laying new distribution mains for improvement of the existing system has been prepared by the Corporation. This scheme has been sent to the Government of India for grant of subsidy and loan.

The water supply system of Mysore City was likewise proving inadequate to meet the needs of the growing

population of that City. The pumping system designed more than 50 years back required immediate replacement. A scheme for improving water supply in the Mysore City at a cost of Rs. 39.49 lakhs was sanctioned in March 1954 and the work is in progress. The outlay so far is Rs. 21.20 lakhs and the work of laying the 24" pipe line from Krishnarajasagara to Mysore City has been almost completed.

Towns.—The water supply systems in the municipal areas of the State were similarly inadequate to meet their growing needs. In 1952, we launched a comprehensive scheme for providing water supply in all the towns in the State at an estimated cost of Rs. 2½ crores. Mysore was the first to think of a State-wide programme of provision of water supply. The scheme was already in operation in the State for over a year when the Government of India launched the National Urban Water Supply and Sanitation Scheme. The State scheme was integrated with the Central scheme from the year 1954-55. By this time, 79 schemes had already been sanctioned at a total cost of Rs. 178 lakhs. Ten new works were sanctioned under the Central scheme during the year 1954-55. The total outlay on these works to the end of November 1955 was Rs. 72 lakhs. Even now 84 per cent of the urban population is supplied with protected water and when all the schemes are completed, the percentage will increase to 90.

In the field of housing also, Mysore was the first to Housing tackle the problem of providing housing accommodation on a planned basis to the poorer classes of people in general and labourers in particular. The Mysore Labour Housing Act was passed in 1949. Under the Act, we set up the Labour Housing Corporation which began to work in 1952. The Government of India initiated some months later the scheme of subsidised industrial housing, under which the subsidy paid by Central Government was 50 per cent of the cost of each scheme. All the new housing projects were brought under this scheme.

The Mysore Labour Housing Corporation took up the construction of 3,788 tenements under the Subsidised Industrial Housing Scheme at an estimated cost of Rs. 106 lakhs. 2,104 have been completed and 1,209 occupied so far.

A sum of Rs. 1 crore was sanctioned this year as loan by the Government of India to this State for implementing the Low Income Group Housing Scheme. Of this Rs. 35 lakhs is made available to the Mysore Labour Housing Corporation for the construction of houses. Another Rs. 35 lakhs has been allotted to the Mysore Provincial Co-operative House Building Corporation for advancing loans through House Building Co-operative Societies. The balance of the amount is utilised for granting loans to Local Bodies for development and sale of sites as well as for the construction of houses for their staff. Loans are also granted to Government servants for house construction.

The Labour Housing Corporation has undertaken the construction of 312 houses in Bangalore in several localities. Houses are being built at Shimoga and Mysore also.

Amelioration
of Scheduled
Castes and
Tribes

The amelioration of the condition of the Backward and Scheduled Castes and Scheduled Tribes is a special responsibility laid on Governments by the Constitution. It is being done with earnestness and devotion and with separate allotments in the Budget.

The First Five-Year Plan contained a provision of Rs. 100 lakhs for schemes of amelioration. The outlay has exceeded this provision by about Rs. 10 lakhs by reason of execution of special schemes the cost of which was met by the Central and State Governments on a matching basis.

The Second Plan contains schemes costing Rs. 200 lakhs. A provision of Rs. 40 lakhs has been made in the budget of 1956-57.

The scheme for assistance to Depressed Classes for construction of houses was first initiated in 1944-45 and up to the end of 1950-51 21,000 houses had been constructed. During the First Plan period 22,000 houses have been constructed. 6,600 are in various stages of construction.

Conferences and Seminars are being held to take stock of the situation and to give greater fillip to future work. We have been building a number of hostels all over the State for Scheduled Caste students. The hostel building at Kolar was opened in July 1955. Those at Mysore, Tumkur and Nanjangud are under construction. Hostel buildings in Chamarajanagar and Shimoga

have been sanctioned during the current year. These new hostels are intended to accommodate 700 students. The House is aware that the boarding grant to Aided Depressed Class hostels was enhanced from Rs. 8 to Rs. 12 per boarder per month last year. The boarding grant in Government hostels, however, remained at Rs. 10 per month. Government have decided to enhance the boarding grant in Government Depressed Class hostels also to Rs. 12 per boarder per month. The increase in the percentage of posts reserved for Scheduled Castes and Tribes at the time of initial recruitment from 16 $\frac{2}{3}$ to 18 ordered during the year will, I am sure, afford adequate opportunities for the youth of these classes.

The younger generation have an important role to play in the advancement of our country. They have abundant energies which can be harnessed to useful purposes if properly organised. There are already many youth organisations in the field like the Bharat Scouts and Girl Guides, the N.C.C., the A.C.C., the Bharat Sevak Samaj and the Bharat Seva Dal. All these have to strive hard for instilling discipline in the minds of our boys and girls. Of all these organisations the Bharat Seva Dal which has now a membership of 25,000 is doing its work with great enthusiasm, discipline and devotion. The Bharat Seva Dal propose to take up the preparation of compost by voluntary work during important Cattle Fairs and Jatras. A provision of Rs. 1 lakh has been made in the Budget for this purpose. They further propose to undertake an interesting experiment in which the ideas of dignity of labour and social equality are to be practised by setting up 10 subsidised hostels, one in each district. The boarders in these hostels will be drawn from all classes including Scheduled Castes. It will be incumbent on each boarder to put in two hours of social work including town sanitation every day according to a programme. Government have decided to give a subsidy of Rs. 7-8-0 per boarder. This experiment may well prove to be the beginning of a great example for other students to follow.

An independent Department of Statistics was constituted in September 1955 in accordance with the announcement I made in my last Budget Speech. The Department has already begun to prove increasingly

useful not only for collection of statistical data but also for evaluation of the results of several plans and programmes of development. The department has compiled a Statistical Outline giving an overall picture of the economic condition of the people in the State. Copies of the Outline have already been placed in your hands. It is proposed to improve and issue the Outline once a year. The Statistics Department will also supply the much-needed statistics in coming years. Information so supplied will be of considerable assistance to draw up and implement our Plan programmes.

FINANCIAL ESTIMATES.

I now turn to the financial position during the current year and the prospects of the coming year.

Revised
Estimates
1955-56

As the Hon'ble Members are aware, we budgeted for Revenue and Expenditure of Rs. 2296.16 lakhs and Rs. 2706.03 lakhs respectively. On the basis of the actuals of the first six months it is expected that the Revenue will move up to Rs. 2399.45 lakhs and Expenditure will come down to Rs. 2368.26 lakhs. In the result, the anticipated deficit of Rs. 409.87 lakhs stands revised to Rs. 268.81 lakhs.

The reasons for variations between the revised and estimated figures under the several heads of accounts are set out in the Budget Memorandum.

(4) Revenue

The improvement in Revenue of over a crore of rupees is to be welcomed. It is due mainly (1) to larger contribution secured from the Government of India for Centrally-aided schemes and (2) to increased receipts in the Sales-tax, Excise, Electricity and Forest Departments. The latter is an index of increased economic and industrial activity and improved business conditions during the year. In regard to Agricultural Income-tax it took some time for the rules to be framed and the procedure for assessment and collection of the tax to be prescribed. The assessment work therefore commenced rather late in the year. This is inevitable in the first year of introduction of a fiscal measure of this kind. No appreciable Revenue being expected during the current year, the probable realisation in this year is taken into account in the estimates of the next year.

The revised figures show an increase over the estimates of Rs. 51·17 lakhs under Civil Works and Rs. 19·32 lakhs under Rural Development. The former is due to the additional provision for Centrally-sponsored schemes which is covered by the larger Central assistance secured. Under the latter I have already referred to the special allotment sanctioned for accelerating the programme of Rural Communications during the year. This accounts for an increase of Rs. 14 lakhs under this item. An additional provision of Rs. 10 lakhs was made under the National Rural Water Supply Scheme also. There has been decrease of expenditure under Education (Rs. 59·65 lakhs), Community Project and National Extension Service (Rs. 12·30 lakhs) and Medical (Rs. 11·68 lakhs). This is due to the provision made not having been fully utilised. The decrease under Education is due mainly to non-utilisation of the provision for starting Multipurpose High Schools as recommended by the Secondary Education Commission. The approval of the Government of India to the programme was received only on 16th February 1956.

(B) Expenditure

However, there is reason to be satisfied that the expenditure estimate of the order of Rs. 27 crores made twelve months back has turned out to be as nearly correct as to require revision to the extent only of Rs. 38 lakhs.

A sum of Rs. 1241·52 lakhs was provided for Capital programmes during the current year. On the basis of progress of outlay in the first six months the figure stands revised to Rs. 850·79 lakhs. I have already referred to the shortfall in expenditure under Irrigation, Electricity and Industries. It has to be remembered that expenditure in these departments usually reaches the peak in the latter part of the year. When therefore final accounts become available, the actual outlay may stand higher than what is indicated by the revised figure. Even as it is, the expenditure of Rs. 850 lakhs represents the highest ever incurred in the State upon Capital works in a single year.

(C) Capital

In November last the 5 per cent 1955 loan for Rs. 163·44 lakhs was repaid partly in cash (Rs. 76·63 lakhs) and partly by the issue of Public Debt.

(D) Public Debt

lakhs) and partly by conversion into the new Development Loan (Rs. 76 lakhs). The 4 per cent Development Loan 1967 was floated in two series, the first for the sum of Rs. 275 lakhs and the second for Rs. 50 lakhs in response to the request by investors. Both the series were over-subscribed on the opening day itself. The total of the amount raised from both the series was Rs. 354.90 lakhs.

(E) Closing
Balance

Starting with a balance of Rs. 625.15 lakhs at the commencement of the year and providing for net Capital expenditure of Rs. 845.79 lakhs, the year is expected to close with a balance of Rs. 229.90 lakhs against the anticipated Closing Balance of Rs. 124.14 lakhs.

Budget
Estimates,
1956-57

The estimates of Revenue and Expenditure for 1956-57 have been placed at Rs. 2577.53 lakhs and Rs. 2966.59 lakhs respectively with a deficit on Revenue Account of Rs. 389.06 lakhs. Compared to the current year's Budget estimates, Revenue and Expenditure are higher by Rs. 281.37 lakhs and Rs. 260.56 lakhs respectively. They are also higher by Rs. 178.08 lakhs and Rs. 298.33 lakhs respectively than the revised estimates of the current year.

There are several factors affecting the budgetary position next year to which I will now briefly refer.

(A) Revenue

Among the factors which will have the effect of reducing Revenue are (1) the recent decision of the Supreme Court in the Bengal Immunity case impugning the power of the State Government to tax Inter-State transactions; and (2) extension of the Central Prize Competitions Act. Though the extension of the Central Act for regulating Prize Competitions does not take away the taxation power of the State Government under the existing Mysore Prize Competitions Act, the future revenue from this source will be inappreciable in view of the limitation of award of prize amounts to Rs. 1,000 per month. We have to be prepared under this item to lose the whole of the present revenue of about Rs. 7 lakhs. As regards Sales-tax on Inter-State transactions, the normal receipt is on the average about Rs. 10 lakhs a year. But no provision is made in the estimates for next year pending the Central Legislation to be passed by Parliament. The draft Bill for amending the Constitution in

this behalf is expected to come up before the Parliament shortly. After the Constitution is amended and the Central law for the levy of tax on Inter-State transactions is enacted the revenue to the State from this source can be known and taken into account.

The factors contributing to the increase of revenue are (1) adoption of the revised Electrical rate structure, (2) extension of Estate Duty to agricultural lands in the State and (3) non-reduction of the guaranteed amount of "Revenue gap".

I have referred to the revised Electrical rate structure recommended by the Thacker Committee. The revised rates are expected in due course to raise the net revenue from Electricity to 7 per cent on the capital invested. For 1956-57 an additional revenue of Rs. 18 lakhs has been taken on this account.

Estate Duty is already applicable to non-agricultural properties in the State. After the adoption of the Resolution by both the Houses at the last session of the Legislature, a notification has been issued by the Government of India extending the levy of Estate Duty to agricultural land in the State. Though the anticipated revenue from it during 1956-57 is negligible, i.e., Rs. 5,000, the Duty now applies to all properties agricultural as well as non-agricultural in the State. Towards the State's share of the duty from non-agricultural properties during next year a sum of Rs. 6.45 lakhs has been taken as indicated by the Government of India. This is based on the same formula as is being followed in regard to Income-tax. The basis of future allocation of proceeds of the duty among the States is to be settled on the recommendation of the Finance Commission.

Under the scheme of the Federal Financial Integration the guaranteed amount of Rs. 345 lakhs payable to this State under Art. 278 of the Constitution was reducible at the rate of 8 per cent per annum after the first five years. This reduction should have taken effect from the current year. I brought to your notice in my last year's Budget speech that the Government of India had acceded to our request and agreed to the payment of the amount without any reduction for the current year. I am glad to inform the House that the Government of India have been good enough to continue

the payment of the sum of Rs. 345 lakhs without any reduction for 1956-57 also. Thus an immediate diminution of revenue to the extent of Rs. 27.6 lakhs during the current year and of Rs. 55.2 lakhs during the next year, or Rs. 82.8 lakhs in all, has been averted. I convey our grateful thanks to the Government of India.

(B) Expenditure

There are certain items of works the outlay on which was till now being accounted under Revenue. The outlay on these works will be transferred outside the Revenue Account or to Capital in accordance with the classificatory changes in the allocation of expenditure between Revenue and Capital to be adopted from 1956-57, as advised by the Government of India in consultation with the Comptroller and Auditor-General of India. Under the definition of the term "Capital" in the Audit Code expenditure resulting in the creation of assets of a tangible nature is debitable to Capital. The accounting of such items of capital nature within the Revenue Account till now was only as a matter of convenience. This did not make any difference so long as there were surpluses on Revenue Account and the size of such expenditure was not large. But the continuance of the same procedure in the context of increasing deficits on Revenue Account and of expenditure year after year of considerable sums in the aggregate upon a large number of small works would distort the budgetary position. Under the new classification outlays on works like school, hospital and other buildings, roads, minor bridges, etc., which cost individually Rs. 20,000 and more, or a group of such works which together cost Rs. 1 lakh and more, will hereafter be shown outside the Revenue Account or under capital.

The year 1956-57 being the first year of the Second Plan, expenditure on development naturally looms large in the Budget. Since, however, the resources of the State have yet to be improved for sustaining a larger outlay on development, the expenditure on the schemes in the Plan has been phased to accord with the expected resources. The provision for development schemes has been kept generally at the level of the revised estimates of the current year and not at one-fifth of the provision in the Second Plan. In the case of incomplete schemes of the First Plan carried over into the Second Plan, the

provision required according to the stage reached in their execution has been made.

The anticipated deficit of Rs. 389.06 lakhs though less than that in the current year is sufficiently large to require explanation. The forecast of the State's resources for the Second Plan prepared by the Finance Department and placed in your hands shows that at the level of Revenue and Expenditure reached during the current year there will be a deficit on Revenue Account of Rs. 11.29 crores in the next five years. This works out to an average annual deficit of Rs. 2.26 crores in each of the 5 years commencing from 1956-57. The deficit is the result of projection into the next quinquennium of the budgetary trends and tendencies generated by the First Plan. The factors contributing to the deficit are (1) the increased expenditure of a recurring nature arising out of development schemes taken up under the First Plan which has now become a permanent commitment, and (2) the debt obligations in respect of loans raised for development so far. The latter will continue to be a charge on the State's Revenue until the loans are repaid. It is calculated that the commitment under item (1) will be slightly over a crore of rupees per annum and that under item (2) will also be of the same order. We have thus to be prepared for deficits of a little over Rs. 2 crores a year in the next five years. The excess of the estimated deficit for 1956-57 over the forecast deficit of about Rs. 2 crores is due mainly to the expenditure of revenue nature on account of (1) new development schemes to be taken up under the Second Plan and (2) schemes of the First Plan which have to be continued. The deficit has in the absence of resources necessarily to be left uncovered.

The capital grants for the coming year total up to Rs. 1,455.25 lakhs. The capital programme provides for continuation of work on the major irrigation, power and industrial projects now in progress and for new schemes to be started under the Second Plan. The more important of these schemes and the provision made for each are as detailed below :—

| | <i>Rs. in lakhs.</i> |
|--|----------------------|
| 1. Bhadra Project ... | 300.00 |
| 2. Other major irrigational projects, viz., Thungabhadra, Nugu, Thunga and Ambhigola ... | 104.00 |

(C) Capital
Expenditure

Rs. in lakhs

| | |
|---|--------|
| 3. Power Transmission and Distribution Schemes, including the electrification of towns and villages, power supply to irrigation pumps, etc. ... | 250.00 |
| 4. Development Schemes of Mysore Iron and Steel Works ... | 93.66 |
| 5. Development Schemes of other Government Industrial Concerns ... | 61.00 |
| 6. Sharavathi Valley Power Project ... | 150.00 |
| 7. Kabini Reservoir Project ... | 25.00 |

A sum of Rs. 30 lakhs was provided in the current year's Budget for starting the State Finance Corporation. This could not be operated upon as the preliminaries took a much longer time to be settled than was anticipated. The draft Regulations have now been finalised in consultation with the Reserve Bank of India and the Corporation is expected to be constituted early next year. Hence the provision of Rs. 30 lakhs is repeated in the next year's budget.

As from the year 1956-57 the rate of interest on the capital invested in all the Government industrial concerns, including the Mysore Iron and Steel Works and the Electricity Department, will be raised from 4 to 5 per cent.

(D) Loans and
Advances

The more important items of Loans and Advances and the provision made for each of them are noted below :—

Rs. in lakhs

| | |
|---|-------|
| 1. Loan for Water Supply ... | 50.00 |
| 2. Loans for Drainage and other purposes ... | 10.50 |
| 3. Loan to the Corporation of the City of Bangalore ... | 12.00 |
| 4. Loans to District Boards ... | 10.00 |
| 5. Loans to Co-operative Societies ... | 25.00 |
| 6. Loans to Raw Silk Marketing Co-operative Society ... | 1.00 |
| 7. Land Improvement Loans ... | 3.50 |
| 8. Takavi Loans ... | 6.50 |
| 9. Loans for construction of irrigation wells ... | 3.07 |
| 10. Advances for purchase of electric pumps, diesel oil engines, etc. ... | 10.00 |
| 11. Loans for Minor Irrigation Schemes under N.E.S. ... | 10.00 |
| 12. State Aid to Industries ... | 22.00 |

| | | <i>Rs. in lakhs</i> |
|-----|---|---------------------|
| 13. | Loans to Land Mortgage Banks ... | 20.00 |
| 14. | Loans for Development of Handloom Industry ... | 2.40 |
| 15. | Loans to Labour Housing Corporation | 25.00 |
| 16. | Advances to Trust Board, for laying out extension ... | 5.00 |
| 17. | Loans for Housing Scheme to Low Income groups ... | 60.00 |
| 18. | Loans to Industrial Co-operatives ... | 5.00 |
| 19. | Surety Loans under R.I. Scheme ... | 5.00 |

Substantially higher provision than during the current year has been made for Loans to Co-operative Societies, Loans for Minor Irrigation Schemes under National Extension Service, State Aid to Industries and Loan to the Land Mortgage Bank. The slightly reduced provision for Loans to Raw Silk Marketing Societies, for Handloom Industry and Advances to Trust Boards is on the basis of anticipated requirements. The lower provision under Loans for Housing Schemes is in view of indication of reduced Central assistance for the scheme. But the provision may be increased according to the progress in physical terms to be achieved in the course of the year. The provision of Rs. 12 lakhs for loan to the Corporation of the City of Bangalore is for the construction of the new Corporation building.

In consultation with the Reserve Bank of India it is proposed to raise a sum of Rs. 5 crores in the open market during 1956-57 for financing the bigger irrigational and power projects. I am sure that the response to this loan will be as good as it was for the Development Loan floated this year. (E) Public Debt

The net incomings from the State's Savings Schemes have after Federal Financial Integration been on the decline. This as you are aware is due to the withdrawal of the tax-free concessions which the State Savings Schemes enjoyed before integration. In the circumstances and on the advice of the Government of India it has been decided to discontinue the Savings Certificate Schemes with effect from 1st April 1956 after which they will be replaced by the corresponding Central Government Savings schemes. The State's Savings Bank (Current Deposit) scheme will, however, be continued.

(F) Ways and
Means

The Budget placed in your hand provides for (1) a net capital expenditure of Rs. 1450·97 lakhs, (2) a net disbursement under Loans and Advances of Rs. 266·62 lakhs outside the Revenue Account and (3) Rs. 120·15 lakhs for the repayment of Central Government loans falling due next year. Adding to this the anticipated deficit on Revenue Account of Rs. 389·06 lakhs, the total of the State's commitments during 1956-57 will be of the order of Rs. 2226·80 lakhs. The following resources have been assumed for meeting the above commitments :—

| | | | Rs. |
|--|-------|-----|--------------|
| Public borrowings | ... | ... | 500·00 lakhs |
| Unfunded debt | ... | ... | 76·07 „ |
| Central assistance | ... | ... | 1200·00 „ |
| Net incomings from deposits, surpluses, remittances, etc. | | | 325·17 „ |
| | Total | ... | 2101·24 „ |

The shortfall of Rs. 125·56 lakhs has to be met from the opening cash balance. On this basis the year is expected to close with a cash balance of Rs. 104·34 lakhs.

The assumed Central assistance of Rs. 1200 lakhs is provisional since a firm indication of assistance has been received so far to the extent of about Rs. 3 crores only. The Government of India have been moved to make the balance also available so that the Capital Programme for the next year may not be retarded on the score of inadequate finance. If, however, the resources assumed as above are not forthcoming in the expected measure, a proportionate scaling down of the outlay on development schemes and consequent shortfall in the progress of the Second Plan during the year will become inevitable. I hope that this contingency will not arise.

Conclusion

This is the last budget for the State of Mysore as it now exists. The next budget will be for the reorganised State. The financial implications of the reorganisation have been touched upon in the report of the Fact Finding Committee. There have been some changes in the position since then. How good the financial position of the units of the other States which go to form the new State will be, time alone can show. So far as Mysore is concerned its finances are now under review by the Committee under the Chairmanship of Shri N. Madhava Rau.

formerly Dewan of Mysore. We are expecting the Report by the end of this month.

A brief statement of our financial position is perhaps useful to us at this juncture. I will take the year 1952-53 when the present Ministry entered upon office as the starting point. In this period of four years Government have made conspicuous efforts at raising the revenue resources of the State and securing economies in expenditure. Retrenchments and economy to the extent of Rs. 30 lakhs a year were carried out almost immediately after the present Government took office. Ten taxation measures for increasing the resources of the State were placed before you for your approval in the Budget Session of 1953-54. Of these only three measures were approved by this House. This was followed in 1954-55 by the proposal to introduce Agricultural Income-tax on plantation and selected commercial crops. This proposal was accepted. The full effect of these new taxation measures have yet to be watched for some more time. However the net revenue of the State which was about Rs. 15 crores in 1951-52 now stands at Rs. 18 crores. Allowing for the revenue of Rs. 85 lakhs which accrued to the State upon the integration of the Bellary District, the balance still represents a significant improvement in the State's Revenue in the last four years.

Public expenditure which stood at Rs. 14.28 crores in 1952-53 has now increased to Rs. 20.77 crores. It is, however, noteworthy that the maximum increase has taken place under development expenditure. The pattern of Government expenditure has thus been progressively geared to suit the requirements of a developing economy. I should also recall here the observation of the last Finance Commission that the cost of administration in Mysore is the lowest relatively to its resources.

It is true that there have been deficits in the budgets of the last three years. Taking the first three years from 1952-53 for which final accounts are available, and setting off the deficits amounting to Rs. 53.70 lakhs in the two years 1953-54 and 1954-55 against the surplus of Rs. 75.23 lakhs in 1952-53, the net position is still to the good to the extent of Rs. 17.51 lakhs. What is really more important is that over these years in a row, Revenue and Expenditure have very nearly balanced each other in

spite of various disturbing factors and the rising tempo of development expenditure. It is only during the current year that the deficit on revenue account on revision also remains high at Rs. 268·81 lakhs. Taking the four years from 1952-53 as a whole, however, the average annual deficit is about Rs. 50 lakhs. The budgetary classification of expenditure between Revenue and Capital followed so far is also responsible for the emergence of deficits. If the reclassification of expenditure between Revenue and Capital now adopted is applied retrospectively to the budgets of the last four years, the deficits in the year 1953-54 and 1954-55 will disappear and that in the current year would be reduced to around Rs. 1½ crores. It may be contended that this will only be to transfer the deficit from the revenue to the capital side of the budget. But then the revenue budget would be freed from the distortions to which it has been subject all these years and a truer picture of the financial position would emerge.

I will not however be too technical and insist that our financial position is excellent. After all the budget is only a reflection of the changing vicissitudes through which the State has been passing. Severe shortage of food and other essential articles persisted right up to 1953-54 and, as the House is aware, near famine conditions prevailed over large areas in the State in the years 1952-53 and 1953-54. The measures adopted for combating distress in this period cost the Government a crore of rupees. The collection of normal revenue in this period was considerably retarded and a sizeable revenue was lost on account of remission or suspension. It would have been surprising indeed if these adverse factors had not left any impression on the finances of the State in these years. Much of the financial difficulties we had to face are undoubtedly due to circumstances beyond our control.

The need for large resources to finance capital programmes of considerable magnitude under the Five-Year Plan accounts for our greatly enlarged public debt. We have had not only to borrow in open market but also to obtain a considerable amount as loan assistance from the Government of India. The total debt outstanding is Rs. 46·28 crores. There is at the credit of the Sinking Fund a sum of Rs. 746·52 lakhs which is fully covered by investments. In view of increased debt obligations

the Sinking Fund has been strengthened by raising the rate of annual contribution to it from Rs. 18 lakhs as it stood for a long time in the past to Rs. 62 lakhs in 1955-56 by stages. All the Public loans, including those obtained from the Government of India are being repaid punctually on the due dates.

The major portion of the amounts borrowed has been invested mainly in irrigation, industrial and power projects. In the case of such projects there is necessarily a time-lag between investment and return which may extend to 15 or 20 years. In the case of irrigational projects the return has to be reckoned not so much in terms of direct revenue to Government as of the immense and incalculable benefits and the prosperity they will bring to the people. Even the direct return to Government from such projects can in the very nature of things be expected to accrue only in the long run. It would not therefore be quite fair to judge the financial position of the State in the present context of intensive economic development and nation-building activities on the basis of immediate return on the outlays incurred. We have to balance the loss of immediate return to the State against the large and significant additions we have been making to the future irrigational, industrial and power resources of the State. There is little doubt as to which of the two will be preferred by those interested in the future development of the State.

I have outlined the broad trends in our current financial position. There is nothing in it to justify the allegations against the soundness of the State's finances. There is no need whatever to take a pessimistic view of the future. But at the same time there is no room for complacency or for the belief that financial stability is assured to us automatically or that we can relax in the efforts that we should make continuously for matching our financial resources with the ever increasing obligations that have to be faced in planning for a happier and brighter future.

I would like to close my Speech in a cheerful atmosphere. I propose no new measures of additional or fresh taxation.

10-58 A.M.

PAPERS LAID ON THE TABLE.

Sri K. HANUMANTHAIYA (Chief Minister).—Sir, I beg to lay on the Table of the House the Schedule of Demands for Supplementary and Additional grants for the year 1955-56 as required by Article 205 of the Constitution.

Mr. SPEAKER.—Now the House will rise and meet tomorrow at 12 o'clock.

The House adjourned at Eleven of the Clock to meet at Twelve of the Clock on Tuesday, 13th March 1956.
